

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (6/27):
BUTTER: Grade AA closed at \$1.1400. The weekly average for Grade AA is \$1.1338 (+.0080).

CHEESE: Barrels closed at \$1.4500 and blocks at \$1.5000. The weekly average for barrels is \$1.3894 (+.1734) and blocks, \$1.4206 (+.1791).

NONFAT DRY MILK: Extra Grade closed at \$0.8400 and Grade A at \$0.8400. The weekly average for Extra Grade is \$0.8400 (N.C.) and Grade A, \$0.8400 (N.C.).

BUTTER: The cash butter price at the CME has increased during recent trading sessions, although most producers and handlers indicate that the market is steady. Some butter producers feel that prices will move higher in coming weeks, just to keep pace with what cheese prices are doing. Although many feel that the seasonality of the market will push butter prices higher, the excessive supply should/could temper price gains through the summer months. Churning activity is lighter across the country. Cream supplies have tightened as Class II demand has increased. Often, butter producers are finding that selling their cream supplies versus churning is more fiscally advantageous to them, thus many are supplementing order needs from inventoried stocks. Butter demand is fair.

CHEESE: The cheese market is surprisingly firm. The recent sharp rise in cash cheese prices (over 30 cents since June 13) at the Chicago Mercantile Exchange has caused buyers to aggressively order additional supplies. Summer weather is reducing milk supplies seasonally though the recent price increases may shift some milk supplies from butter/powder production. During the period of June 30 – July 2, CCC purchase 79,200 pounds of Central process cheese produced previously.

FLUID MILK: Elevated summer temperatures and, in some locations, higher humidity have combined to help reduce milk production throughout the country. The lower intakes are reducing plant operating schedules and the need to export milk from areas with excess supplies. The fat and solids content in the milk is also lower, reducing manufactured product yields. The holiday weekend is expected to generate only a minimal increase in manufacturing supplies. The sizeable increase in cheese prices in the past week is causing some milk supplies to shift from butter/powder over to cheese/whey production where plant capacity allows. Many cheese plant operators are more aggressively seeking additional milk supplies.

DRY PRODUCTS: The buttermilk market is firm and prices unchanged to higher. Offerings are lower due to reduced drying schedules caused by good

ice cream interest in both cream and condensed buttermilk. The lactose market is higher as third quarter contracts have been made at higher prices with good export interest into New Zealand and Asia. Domestic interest is steady. The whey market is also improved as offerings are trending lower due to declines in milk production. Some additional volumes may be dried over the holiday weekend but supplies are being held with more confidence. The NDM market is steady with the West still the source for supplemental supplies for other parts of the country. Some producers are wondering what effect the sharp rise in cheese prices may have on milk supplies entering butter/powder operations. The WPC market remains weak with some buyers taking a larger position, feeling that prices may have hit the bottom. Supplies are in better balance.

CCC: During the holiday abbreviated period of June 30 – July 2, CCC purchased 79,200 pounds of Central process cheese, 237,866 pounds of Western fortified NDM, and 14,372,371 pounds of nonfortified NDM. Breaking the nonfortified NDM down regionally; 108,773 pounds originated in the Central region, 13,196,803 pounds from the West, and 828,929 pounds from the East.

JUNE AGRICULTURAL PRICES HIGHLIGHTS (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in June 2003 was unchanged at 127. Compared with June 2002, the index was up 4 points (3.3%). The index of prices received by farmers for dairy products was unchanged during the month of June 2003 at 85. Compared with June 2002, the index was down 3 points (3.4%). Prices received by farmers in June with changes from May were: for All Milk, \$11.10 per cwt., unchanged; Fluid Grade Milk, \$11.10, unchanged; and for Manufacturing Grade Milk, \$10.10, unchanged.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the June 2003 prices under the Federal Milk Order pricing system: Class II \$10.46 (+0.03), Class III \$9.75 (+\$.04); and Class IV \$9.76 (+\$.02). Product price averages used in computing Class prices are: butter \$1.0797, NDM \$0.8040, cheese \$1.1464, and dry whey \$.1396. The Class II butterfat price is \$1.1646 and the Class III/IV butterfat price is \$1.1576. Further information may be found at:

<http://www.ams.usda.gov/dyfmos/mib/classprcacnmt.pdf>

ERRATA: In last week's report, on the Announced Cooperative Class I Prices table, the footnote on Louisville, KY, should have referred to Apr.-Jun., not Jan.-Mar. as shown.

****SPECIAL THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JUNE 30	TUESDAY JULY 1	WEDNESDAY JULY 2	THURSDAY JULY 3	FRIDAY JULY 4	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE					N		
BARRELS	\$1.2975 (+.0475)	\$1.3900 (+.0925)	\$1.4200 (+.0300)	\$1.4500 (+.0300)	O	(+.2000)	\$1.3894 (+.1734)
40# BLOCKS	\$1.3175 (+.0550)	\$1.4150 (+.0975)	\$1.4500 (+.0350)	\$1.5000 (+.0500)	T R A	(+.2375)	\$1.4206 (+.1791)
BUTTER					D		
GRADE AA	\$1.1275 (+.0025)	----	\$1.1400 (+.0125)	----	I N G	(+.0150)	\$1.1338 (+.0080)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is \$.8400 and Grade A price is \$.8400. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, JUNE 30, 2003

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.3100; BIDS UNFILLED: 2 CARS BARRELS @ \$1.2975; 3 CARS 40# BLOCKS: 1 @ \$1.3175, 1 @ \$1.3075, 1 @ \$1.2750; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.3300

BUTTER — SALES: 3 CARS GRADE AA: 1 @ \$1.1275, 1 @ \$1.1300, 1 @ \$1.1275; BIDS UNFILLED: 8 CARS GRADE AA: 4 @ \$1.1250, 2 @ \$1.1225, 2 @ \$1.1150; OFFERS UNCOVERED: NONE

TUESDAY, JULY 1, 2003

CHEESE — SALES: 2 CARS 40# BLOCKS: 1 @ \$1.4200, 1 @ \$1.4150; BIDS UNFILLED: 2 CARS BARRELS @ \$1.3900; 23 CARS 40# BLOCKS: 1 @ \$1.4100, 1 @ \$1.4050, 1 @ \$1.4000, 1 @ \$1.3950, 1 @ \$1.3900, 1 @ \$1.3850, 1 @ \$1.3800, 1 @ \$1.3750, 1 @ \$1.3700, 1 @ \$1.3650, 1 @ \$1.3600, 1 @ \$1.3550, 1 @ \$1.3500, 1 @ \$1.3450, 1 @ \$1.3400, 1 @ \$1.3375, 1 @ \$1.3350, 1 @ \$1.3325, 1 @ \$1.3300, 1 @ \$1.3275, 1 @ \$1.3250, 1 @ \$1.3225, 1 @ \$1.3200; OFFERS UNCOVERED: NONE

WEDNESDAY, JULY 2, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.4200, 1 @ \$1.4100; 12 CARS 40# BLOCKS: 1 @ \$1.4500, 1 @ \$1.4475, 1 @ \$1.4450, 1 @ \$1.4400, 1 @ \$1.4350, 1 @ \$1.4300, 1 @ \$1.4275, 1 @ \$1.4250, 1 @ \$1.4225, 1 @ \$1.4200, 1 @ \$1.4175, 1 @ \$1.4150; OFFERS UNCOVERED: NONE

BUTTER — SALES: 22 CARS GRADE AA: 7 @ \$1.1300, 3 @ \$1.1325, 2 @ \$1.1300, 3 @ \$1.1325, 1 @ \$1.1350, 1 @ \$1.1400, 2 @ \$1.1350, 1 @ \$1.1400, 2 @ \$1.1375; BIDS UNFILLED: 35 CARS GRADE AA: 1 @ \$1.1400, 1 @ \$1.1350, 7 @ \$1.1325, 7 @ \$1.1300, 2 @ \$1.1275, 2 @ \$1.1250, 2 @ \$1.1225, 5 @ \$1.1200, 2 @ \$1.1175, 2 @ \$1.1150, 2 @ \$1.1125, 2 @ \$1.1100; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.1450, 1 @ \$1.1500

THURSDAY, JULY 3, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.4500; 21 CARS 40# BLOCKS: 1 @ \$1.5000, 1 @ \$1.4975, 2 @ \$1.4950, 1 @ \$1.4925, 1 @ \$1.4900, 1 @ \$1.4875, 1 @ \$1.4850, 1 @ \$1.4825, 1 @ \$1.4800, 1 @ \$1.4775, 1 @ \$1.4750, 1 @ \$1.4725, 1 @ \$1.4700, 1 @ \$1.4675, 1 @ \$1.4650, 1 @ \$1.4625, 1 @ \$1.4600, 1 @ \$1.4575, 1 @ \$1.4550, 1 @ \$1.4525; OFFERS UNCOVERED: NONE

FRIDAY, JULY 4, 2003

HOLIDAY - NO TRADING

BUTTER MARKETS**NORTHEAST**

The market tone remains firm, but trading at the CME remains in a very narrow range. Some butter contacts feel that prices will move higher in coming weeks, just to keep pace with what cheese prices are doing. Although many feel that the seasonality of the market will push butter prices higher, the excessive supply should/could temper price gains through the summer months. With churning activity slowing down, fresh butter offerings are lighter. However, producers report that they are putting bulk and packaged butter away for late summer and fall needs and that they are comfortable with their supply position. Demand for bulk butter in the commercial market is just fair. It does seem to be very good at the CME where many sales have been recorded in the past few weeks. Orders for packaged butter are mostly steady. Food service orders are improving as the resort area outlets are getting into the heart of their busy season. Sales of bulk butter f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

CENTRAL

Butter markets are firm as the cash price continues to edge higher. The current price of \$1.14 is the highest cash price since late April 2002. Some producers and handlers speculate that the firmness in butter price is being influenced by the strong cheese market, while others feel that this is typically the time of year when cream supplies tighten and prices increase. How high will the cash price go is being discussed. Many producers feel that the cash price will continue to firm with some speculating a \$1.20 - \$1.25 market by fall. Churning activity is lighter as cream supplies tighten and pricing multiples increase for available loads. Butter producers

anticipate minimal volumes of surplus cream to become available over the upcoming holiday weekend. Stocks of butter continue to surpass previous year levels. Butter demand is fair with some buyers starting to consider pre-buying for more than just near term needs. Food service orders, especially in resort and vacation areas, were heavier in recent days as restaurants and eating establishments prepare for the upcoming holiday weekend. Bulk butter for spot sale is in a range of flat to 2 cents per pound over various pricing basis.

WEST

Butter prices continue to hold relatively steady in a narrow price range at the CME cash butter market. Western contacts are wondering whether the prices may start to firm in sympathy with the sharply higher prices noted in cheese markets over the last two weeks. Cream sales remain strong and prices are increasing. Some slow down in demand for cream for Class II products is expected at the end of the week because of the upcoming holiday. Many operations will be closed for one or more days. Interest in print butter is about steady at normal summer levels. There is no featuring taking place and there is no aggressiveness from the demand side. Fresh bulk butter is becoming a little harder to find, but storage stocks of butter are readily available. Butter inventories grew slightly this week at the CME warehouses surveyed. Butter stocks in this survey have bounced up and down over the past four weeks. Current prices for bulk butter range from 4 cents under to 2 cents under the market based on the CME with various time frames and averages (includes CCC sales when applicable).

NASS DAIRY PRODUCT PRICES**U.S. AVERAGES AND TOTAL POUNDS**

WEEK ENDING	CHEESE 40# BLOCKS	BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
JUNE 28	1.1630 8,621,903	1.1364 10,564,122	0.8059 30,194,941	1.0873 6,300,331	0.1423 13,259,328

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are moderately higher on all items except Swiss, which is unchanged. The market tone is firm. Through Monday's (6/30) trading, prices at the CME have increased 16.75 cents on blocks and 17.5 cents for barrels since the June 17 release of the May *Milk Production* report. Much of these price increases at the CME have come on bids with few sales taking place. Demand for cheese has improved seasonally as well as buyers trying to get orders in ahead of any additional price increases. Cheese output in the Northeast is about steady, but surplus milk supplies are starting to ease lower seasonally. Retail movement is slow to fair now that June Dairy Month promotions have ended. Food service orders are good in resort areas. Also, restaurants and fast food outlets are preparing for a big, holiday weekend.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.3050-1.8000
Cheddar Single Daisies	:	1.2625-1.7275
Cheddar 40# Block	:	1.3825-1.6275
Process 5# Loaf	:	1.4250-1.6275
Process 5# Sliced	:	1.4450-1.6925
Muenster	:	1.4675-1.6725
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is firm. Some traders are cautious after recent sizeable price increases (6/27 - 7/1), a combined 17.75 cents on blocks and 18.25 cents total on barrels on the Chicago Mercantile Exchange cash cheese market, while others expect additional strength. The concern is what will happen with demand after recent/current orders are delivered/used or is it strictly a tightened supply of milk and current cheese. Current cheddar offerings, both natural and barrels, are short of full trade needs though most producers are only trying to fill regular commitments at best. Plant operators feel comfortable speculating on any spot American type loads in storage or are waiting for the expected higher price average next week. However, not all plants have cheese inventory to speculate on. Process interest is seasonally good and natural interest in cuts, shreds, and slices varies but combined good overall. Mozzarella is more than adequate for the typical slow to fair summer interest. Current milk and cheese production is declining in the summer heat. Cheese yields are also lower. More plant operators seem to be looking for extra milk supplies.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3950-1.5600
Brick And/Or Muenster 5#	:	1.6100-1.9025
Cheddar 40# Block	:	1.5000-2.1150
Monterey Jack 10#	:	1.8000-2.1150
Blue 5#	:	1.9950-2.3000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5400-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.9500-2.6850

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
06/30/03	100,756	:	138,198
06/01/03	99,421	:	135,729
CHANGE	1,335	:	2,469
% CHANGE	1	:	2

WEST

Natural and process prices are sharply higher for the second straight week. With activity on the books this week, the trend is likely to continue. Western contacts are not sure the market fundamentals are strong enough to support this much market strength this quickly. Some believe that the market may falter after the upcoming holiday weekend. Other contacts believe that the market is strong enough to hold current gains. Barrels seem to be in a tighter condition than blocks. Production is down seasonally as the milk supply declines as hot weather becomes more of a factor. Contacts do not expect to see much additional milk production due to the change in the butter versus cheese price relationship. Plants are expected to be full over the upcoming holiday weekend, but the milk available should be able to find homes relatively close to production areas.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3650-1.6250
Cheddar 40# Block	:	1.3700-1.5100
Cheddar 10# Cuts	:	1.5500-1.7700
Monterey Jack 10#	:	1.5600-1.7200
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.3700

FOREIGN

Prices are unchanged to higher. The market tone is seasonal. Demand is spotty, mostly just fair and typical for this time of year. Recent reports indicate that U.S. imports of cheese, subject to licensing, during the first five months of 2003 total 46.016 million KG, 0.4% less than the same period last year. During that same period, imports of high-tier cheese total 8.38 million KG, 80% more than a year ago.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.7200	: 1.6000-3.0900*
Gorgonzola	: 3.6900-5.9400	: 2.1175-2.4900*
Parmesan (Italy)	: TFEWR	: 3.0100-3.1000*
Romano (Italy)	: 2.1000-3.1500	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.6075-1.8350*
Romano (Cows Milk)	: -0-	: 2.7975-4.9700*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7500-3.7900	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-2.9900	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	52	0	96	0	64
SOUTHEAST STATES	0	0	0	0	0	0

EDITOR'S NOTE: Due to changes in milk supply agreements, milk import/export totals are not directly comparable to year ago figures and to shipments prior to April 1, 2003.

This week, there have been a lot of conversations and discussions about a national organization's self-help program and the pending vote, by their board of directors, to approve the plan. Apparently, there wasn't enough support for the original plan and another, less aggressive plan was adopted. Contacts close to the issue, citing sharply higher cheese prices, lower cow numbers, and below year ago milk output feel that the plan may be beyond reviving at this time. Milk production is easing lower in the northern parts of the region; noticeably lower in Florida and other Gulf Coast States. Hot weather in Florida the past few days has taken its toll on the cows and milk output. The number of loads of milk shipped out of state for processing has dropped significantly in the past two weeks. In most other parts of the region, temperatures and humidity are rising, which is having an adverse effect on milk production. Off-farm loads are lighter weights and haulers are consolidating routes. Contacts continue to report low butterfat and protein tests on incoming milk. Bottled milk sales are generally slow to fair. The improved, summer-like weather is expected to increase tourists to the shore and bottlers report some long awaited improvement in orders from restaurants and other outlets along the Coast. Fluid milk supplies are lighter and easily handled. Surplus milk volumes are easing lower and following early week trading at the CME, contacts feel that more milk will now be moving through cheese plants. The condensed skim market is mostly steady, but recent price increases on cheese at the CME have many producers saying that if the cheese price holds, prices for wet solids will be going up in the near future. Demand for condensed skim is often improved now that soft serve mix orders are increasing. Also, cheese makers that have increased production are taking some extra loads. The fluid cream market remains very strong. Supplies are tight and demand is good. Spot prices are higher as multiples are now routinely in the 140's and the CME average did increase slightly last week. More reports of cream loads being delivered at multiples in the 150's are noted this week. Cream loads are moving greater distances to supplement Eastern supplies. Some easing of demand from ice cream makers was noted as many of them will be closed an extra day this holiday weekend. Soft serve production is significantly higher as the hot weather has triggered demand up and down the East Coast. The hot weather has set off a number of load rejections due to high arriving temperatures. These loads usually cleared easily as long as acidity levels were within tolerances. Bottled cream sales are improving as the strawberry season progresses north. Churning activity is lighter at most plants.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.4973-1.6662
DELIVERED EQUIVALENT ATLANTA	-	1.5086-1.7112 M 1.6212-1.6887
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.5592-1.6662

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:

NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	.8500- .9300
NORTHEAST- CLASS III - SPOT PRICES	-	.7400- .8200

M I D W E S T

Class I demand is about steady at seasonal levels. The holiday weekend is expected to cause just minimal interruptions in bottler schedules though a few may need to run at least a reduced schedule on Friday (7/4). Any extra milk volumes available for manufacturing from bottlers over the holiday weekend are expected to be easily handled. Manufacturing plant operators are much more aggressive in searching for extra milk supplies to help produce cheese.

Reported spot milk prices range from a net \$1.00 – 1.75 over class. Current spot demand easily exceeds milk supplies and more plant operators are interested in finding additional supplies. Sharply higher condensed skim prices for class III condensed, to reflect higher milk prices from escalating cheese prices, may cause some users to reconsider reconstituting NDM in July. Some milk volumes are being shifted toward cheese production away from butter/powder due to the recent large increase in cheese prices (over 20 cents cumulative from June 27 - July 2), especially when compared to other dairy commodity prices. Cream demand is strong and prices are higher early in the week. However, lower cost holiday weekend cream offerings were becoming available around midweek as some users, often ice cream makers, try to take a long holiday weekend. As usual for summer, cream multiples are moving higher. The return of heat and humidity, as well as insects, has helped reduce cow comfort levels and milk output. Fat and protein levels have also slipped. Some second cutting alfalfa is already in storage. Soybean and corn growth has been stimulated by recent warmer temperatures.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUNE 26 - JULY 2	PREVIOUS YEAR
SLAUGHTER COWS	\$ 45.00- 48.00	\$ 38.00- 43.50
REPLACEMENT HEIFER CALVES	\$310.00-410.00	\$400.00-630.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUNE 26 - JULY 2	PREVIOUS YEAR
SLAUGHTER COWS	\$ 40.75- 52.00	\$ 40.00- 45.50

W E S T

The June 4a price (butter/powder) in CALIFORNIA is \$9.64, up \$0.10 from May but \$0.49 lower than last year. The June 4b price (cheese) is \$9.50, up \$0.22 from May but \$0.09 lower than last year. CALIFORNIA weather conditions returned to hot and are impacting milk production levels over the past week. Processors are seeing milk intake levels decline and solids and fat levels lower. Bottled milk orders slowed early in the week in advance of the holiday weekend. Surplus milk volumes are expected to be minimal and handled easily over the July 4th holiday weekend. There is more optimism at the farm level as CME block cheese prices have increased 17 3/4 cents this week and 31 3/4 cents since June 1 which, if sustained, will bring milk prices higher. ARIZONA milk output is trending lower as a direct result of hot weather in the state. Daytime temperatures are topping at the 110 degree mark in most areas. Heat abatement measures are in place, but the extreme temperatures are hard to manage. Plants have capacity and are having less milk available from outside procurement areas. Cream is being shipped out of state and bringing good returns. The CME Grade AA butter price increased to \$1.1400 on Wednesday (7/2). CREAM demand continues to improve as buyers move in to secure supplies in what has become a sellers' market. Cream supplies have become tighter and product is moving to the Central and Eastern regions. Ice cream makers are in the market. Western cream multiples are slightly higher and range from 121 to 138, FOB, depending on class usage. There may be some surplus cream over the holiday weekend, but no bargains are expected. Some hot weather has left the PACIFIC NORTHWEST and conditions are now excellent for milk production. The milk flow is holding up better than many had anticipated. No problems are expected in processing the additional milk supplies. Hay prices are lower and the quality is higher than last year. These facts are allowing some producers to get higher rates of production at a lower cost than they had anticipated. There seems to be very little interest in acquiring additional heifers at this time. Contacts are wondering if this cheese strength can hold. Temperatures are warming up again in most of UTAH and IDAHO. Readings are again close to 100 degrees with humidity readings in the single digit range. Some are commenting about the effectiveness of irrigating under these conditions, but there are no alternatives. Milk is declining seasonally, but is above anticipated levels at many operations. Some manufactures are looking to sell some milk and others are out searching for an extra load or two. No one believes that there will be much of a problem in handling milk over the upcoming holiday weekend. Second cutting hay harvest is progressing and the quality and yields look good. Prices range from steady to slightly lower. Heifer prices in the region have a weak undertone and have been below \$1400, on average, for the last three weeks.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged on a mostly steady market. Supplies remain in balance for the contractual interest. Spot needs are more adequately met by Western producers at prices delivered within the Central region range. Production is steady. Excess milk supplies expected over the holiday weekend are not expected to increase NDM production as most plants are operating at capacity. Demand for NDM is anticipated to increase as July condensed skim prices rise above the cost to reconstitute NDM. High heat movement is steady for the contractual interest.

EAST: Eastern prices and the market tone are unchanged. July marks the third consecutive month that the national marketing agency's base price is virtually unchanged. However, some other producers are thinking about moving their prices higher due to tighter milk supplies and probable higher condensed skim prices. Production levels are lighter as milk supplies are declining in most of the East. Also, higher cheese prices have recently caused more milk to "find" its way into cheese plants rather than butter/powder operations. Producers state that if cheese prices stay high and butter prices do not move higher, the price of wet solids may increase enough to deter sales, which could lead to increased drying. Eastern producers do not have too much NDM on hand, but most needs/orders are being filled locally. Demand remains sluggish as buyers are staying very current. Some users continue to wait to see when the powder-for-cheese program gets underway and how much of that powder will be available and its price.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .8000 - .8700 MOSTLY: .8000 - .8400
 HIGH HEAT: .8600 - .9250

NONFAT DRY MILK - WEST

Prices are unchanged for low/medium heat NDM in the West. The market tone remains weak with ample commercial supplies available and continued clearances of surplus powder to the CCC under the price support program. Contacts wonder what effect that sharply higher cheese prices will have on the NDM market. There could be a better call for more NDM and condensed skim to increase solids' level in milk. Cheese plants will likely be kept full of milk to maximize production. NDM production could be reduced. There would remain available offerings from plants and resellers. During the week of June 23 - 27, adjusted CCC support program purchases of NDM totaled 9,904,871 pounds from the West. High heat prices are adjusted lower in limited trading. Spot activity is seasonally light and contract sales are steady.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .7950 - .8875 MOSTLY: .7950 - .8075
 HIGH HEAT: .8200 - .8500

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
June 27	\$.8039	14,255,698	2,739,367
June 20	\$.8034	14,680,771	4,096,750

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are higher on a steady to firm market. As ice cream interest in cream and condensed buttermilk continues to increase, churn activity and dry buttermilk production are reduced. Some plants do not anticipate resuming dry production until late this fall. Demand for dry buttermilk is improving. Some producers are purchasing additional supplies from the West to supplant current stock deficiencies. Prices for Report 27 in 2002 were .8000 - .8500.

F.O.B. CENTRAL: .6950 - .7400

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. Eastern prices are nominal. Eastern producers report that their supply situation is in much better shape than it was a few weeks ago. Declines in churning activity and improved demand for condensed buttermilk have combined to ease the need to dry. Demand is fair to good, but not overly aggressive. With butterfat prices (cream) getting higher, some users are looking at buttermilk with renewed interest because of its level of butterfat.

F.O.B. NORTHEAST: .6800 - .7000
 DELVD SOUTHEAST: .7000 - .7300

DRY BUTTERMILK - WEST

Western dry buttermilk prices are moving slightly higher as the market tone firms. Trading activity has been more active over the last few weeks. The condensed buttermilk market is steady to slower and moving mostly on a contractual basis. Drying schedules are often lower as less butter is being churned due in large part to increased sales of cream. Stocks of dry buttermilk are adequate to handle spot trades and contracted commitments.

F.O.B. WEST: .6800 - .7200 MOSTLY: .6900 - .7000

DRY WHOLE MILK - NATIONAL

Prices and the market tone are steady. Prices remain nominal. Production levels are often lighter as milk supplies tighten in most sections of the country. Output is generally geared to filling contracts or existing orders. Plant stocks are balanced. Spot demand is light and often for LTL quantities.

F.O.B. PRODUCING PLANT: 1.0325 - 1.1500

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2002 THROUGH JUNE 27, 2003
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	-	68,201	MT (150,355,592 LBS)
CHEESE	-	3,029	MT (6,677,733 LBS)
BUTTERFAT	-	10,000	MT (22,046,000 LBS)

Allocations for the DEIP year beginning July 1, as announced September 13: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 MT. This program-year's allocations have been announced in stages. The third stage was announced on February 25, 2003, and makes available 25,575 MT of NDM, 1,136 MT of cheese, and 5,000 MT of butterfat. This announcement fills the NDM and cheese allocations for this DEIP-year. On May 19, 2003, USDA issued invitation for another 5,000 MT of butterfat.

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY – CENTRAL

Prices are higher on a steady to firm market. Although product is reportedly available at some plants, prices continue to trend higher. Contract buyers are able to add on additional loads to their contract without difficulty. Interest from traders is lighter than the week prior due in part to the shorter work week. Production is steady with some possible increases anticipated over the holiday weekend. Supplies of condensed whey are in balance for the fair interest. Mostly prices for Report 27 in 2002 were .1525 - .1575.

F.O.B. CENTRAL: .1450 - .1525 MOSTLY: .1450 - .1500

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to fractionally higher and the market tone is firmer. Market activity seems to be lighter during this holiday-shortened week. Eastern producers report being in a much tighter supply situation. Most cite lower milk supplies and/or lower operating schedules. Some are sold out and filling existing orders or contacts. Demand is still not as aggressive as contacts would expect, interest has improved as prices have inched higher in the past few weeks. Fewer reports of price discounts are noted. In fact, occasional export sales are taking place at a premium to the average. Traders report little change to their situations. Some would like to build more inventory, but say that "signals" in the market just don't "feel" right at this time.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .1500 - .1675
DELVD SOUTHEAST: .1700 - .1825

DRY WHEY - WEST

The Western mostly price series continues to show some price strength. More sales are taking place at prices above the sales of the previous week. Demand is improving from both domestic and export buyers. Production levels are declining seasonally. Stocks are being held more positively at the producer level. Most Western contacts feel that a bottom has been put in for the market in this price cycle. There does seem to be a firming undertone, but expectations are that the market prices will increase gradually.

NONHYGROSCOPIC: .1250 - .1550 MOSTLY: .1400 - .1450

ANIMAL FEED WHEY - CENTRAL

Prices are higher on a steady to firm market. Supplies are generally short of buyer interest, encouraging feed buyers to instead purchase loads of Extra Grade product. Production is anticipated to increase in response to hot and humid weather. Veal markets continue to trend firm in response to the Canadian import ban from a BSE discovery. Milk replacer prices for Report 27 in 2002 were .1350 - .1475.

F.O.B. CENTRAL:
MILK REPLACER: .1375 - .1425

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged on a weak market. Traders and end-users are taking a position on the market as prices are believed to have bottomed. Export interest is increasing at the lower prices. Domestic movement is fair into edible markets and light into the feed sector. Domestic and foreign WPC 80% is readily available for the light interest. Production is mostly steady. Supplies are in better balance than in weeks prior with some firms stating that they are sold out through the end of the year. Mostly prices for Report 27 in 2002 were .4350 - .4475.

F.O.B. EXTRA GRADE 34% PROTEIN: .3800 - .4400 MOSTLY: .3850 - .4050

LACTOSE - CENTRAL AND WEST

Prices are higher on a firm market. Most contracts for third quarter have been settled. Some firms that delayed negotiations were able to gain higher premiums than firms that settled weeks prior to the commencement of third quarter. Export interest is good into New Zealand and Asia. Some requests for lactose have also been noted into the EU. Domestic demand is steady with higher mesh sizes clearing the best. Some plants are unable to satisfy spot interest. Production is unchanged with most plants operating at capacity. The undertone is steady to firm into the fourth quarter. Feed grade supplies are limited for the good interest. Mostly prices for Report 27 in 2002 were .1500 - .1700.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1800 - .2375 MOSTLY: .1850 - .1950

CASEIN – NATIONAL

The casein market tone is firm, although prices for the new quarter are basically unchanged to slightly higher within the range. Domestic buyers continue to be assured that they will be getting their contracted volumes as scheduled, although additional spot needs might be more difficult to locate. Casein production in Oceania has ended for the season with orders being filled from inventoried stocks. The new production season is still 2-3 months away. European production is reported to be lower this year than last, although supplies appear to be available for needs.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.9500 - 2.1500
ACID: 1.9500 - 2.0500

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels continue to ease as milk supplies tighten in most parts of the country. Those producers who purchase their milk on the market are finding fewer offerings and no distressed prices. The market remains highly competitive and demand is mostly steady.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$18.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume ^{1/}

Month	06/18	06/19	06/20	06/23	06/24	06/25	06/26	06/27	06/30	07/01
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
JUN 03	9.71 (3269) 36	9.73 (3269) 0	9.74 (3267) 2	9.73 (3263) 34	9.73 (3265) 11	9.73 (3262) 13	9.73 (3259) 5	9.73 (3260) 4	9.75 (3255) 5	9.73 (3250) 5
JUL 03	11.00 (4152) 436	11.08 (4143) 174	11.00 (4137) 108	10.80 (4160) 67	10.81 (4084) 164	10.89 (4125) 139	10.87 (4135) 45	10.87 (4102) 233	11.07 (4166) 413	11.70 (4175) 423
AUG 03	12.35 (3947) 345	12.30 (3848) 196	12.28 (3902) 97	11.90 (3968) 109	12.05 (4044) 191	12.25 (4207) 285	12.25 (4304) 300	12.32 (4429) 360	12.20 (4433) 351	12.65 (4502) 446
SEP 03	13.03 (3713) 286	13.05 (3674) 133	12.94 (3682) 62	12.65 (3679) 58	12.80 (3672) 109	13.00 (3827) 243	12.93 (3992) 374	12.99 (4110) 235	12.94 (4220) 281	13.19 (4208) 325
OCT 03	13.00 (3285) 286	13.01 (3217) 199	12.91 (3244) 58	12.65 (3250) 33	12.77 (3265) 120	12.95 (3369) 180	12.98 (3508) 274	13.00 (3585) 247	12.83 (3637) 229	13.08 (3694) 326
NOV 03	12.63 (2743) 210	12.59 (2751) 29	12.49 (2760) 21	12.24 (2759) 45	12.40 (2801) 95	12.50 (2891) 134	12.45 (2931) 120	12.45 (2993) 138	12.30 (2998) 53	12.45 (3123) 247
DEC 03	12.22 (2069) 62	12.19 (2073) 23	12.11 (2090) 27	12.00 (2097) 14	12.05 (2107) 64	12.14 (2148) 58	12.09 (2186) 111	12.10 (2240) 90	12.04 (2238) 29	12.14 (2312) 274
JAN 04	12.00 (623) 28	11.95 (632) 36	11.95 (637) 5	11.87 (646) 10	11.80 (647) 13	12.00 (653) 20	11.87 (671) 79	11.87 (681) 28	11.88 (692) 21	11.95 (694) 11
FEB 04	11.80 (510) 6	11.80 (522) 36	11.80 (524) 3	11.73 (530) 8	11.65 (525) 6	11.70 (532) 7	11.60 (553) 57	11.65 (568) 30	11.70 (577) 12	11.75 (578) 2
MAR 04	11.75 (329) 10	11.75 (353) 45	11.75 (354) 9	11.60 (354) 1	11.60 (353) 2	11.60 (353) 5	11.60 (401) 59	11.70 (403) 9	11.73 (416) 21	11.80 (416) 17
APR 04	11.50 (185) 3	11.50 (208) 31	11.50 (208) 0	11.45 (208) 1	11.40 (209) 3	11.40 (209) 5	11.40 (231) 35	11.50 (231) 1	11.53 (234) 4	11.60 (234) 1
MAY 04	11.60 (149) 3	11.60 (153) 27	11.60 (153) 0	11.60 (154) 1	11.59 (152) 2	11.55 (151) 6	11.50 (148) 8	11.55 (148) 0	11.58 (150) 4	11.60 (150) 0
JUN 04	11.75 (150) 0	11.75 (152) 28	11.80 (152) 0	11.80 (152) 0	11.75 (152) 0	11.75 (152) 0	11.75 (153) 5	11.75 (153) 1	11.80 (158) 6	11.80 (158) 0
JUL 04	12.10 (166) 3	12.10 (172) 28	12.10 (172) 0	12.10 (172) 0	12.10 (171) 19	12.10 (171) 1	12.10 (172) 1	12.10 (172) 1	12.20 (173) 1	12.15 (173) 0
AUG 04	12.35 (164) 2	12.34 (165) 26	12.34 (165) 4	12.34 (165) 1	12.30 (166) 1	12.30 (166) 0	12.30 (166) 0	12.35 (168) 7	12.35 (168) 0	12.30 (169) 1
SEP 04	12.60 (169) 0	12.60 (182) 39	12.65 (182) 3	12.65 (183) 1	12.60 (184) 1	12.60 (184) 0	12.60 (186) 2	12.65 (186) 0	12.65 (188) 2	12.60 (188) 0
OCT 04	12.28 (77) 0	12.28 (79) 28	12.27 (79) 3	12.27 (79) 2	12.27 (80) 1	12.27 (80) 0	12.27 (80) 0	12.27 (80) 0	12.27 (81) 1	12.20 (81) 0
NOV 04	11.80 (16) 0	11.80 (37) 26	11.80 (37) 0	11.80 (42) 4	11.80 (42) 0	11.80 (42) 0	11.80 (42) 0	11.80 (42) 0	11.80 (42) 0	11.80 (42) 0

CME - (CLASS IV) MILK FUTURES - Dollars per cwt.

JUN 03	10.10 (5) 0	10.10 (5) 0	10.10 (5) 0	10.10 (5) 0	10.10 (5) 0	10.10 (5) 0	10.10 (5) 0	10.10 (5) 0	10.10 (5) 0	10.10 (5) 0
JUL 03	10.17 (11) 0	10.17 (11) 0	10.17 (11) 0	10.17 (11) 0	10.17 (11) 0	10.17 (11) 0	10.17 (11) 0	10.17 (11) 0	10.17 (11) 0	10.17 (11) 0
AUG 03	10.15 (36) 0	10.15 (36) 0	10.15 (36) 0	10.15 (36) 0	10.15 (36) 0	10.10 (26) 10	10.10 (26) 0	10.10 (26) 0	10.10 (26) 0	10.10 (26) 0
SEP 03	10.15 (20) 0	10.15 (20) 0	10.15 (20) 0	10.15 (20) 0	10.15 (20) 1	10.35 (20) 0	10.35 (20) 0	10.35 (20) 0	10.35 (20) 0	10.35 (20) 0
OCT 03	10.15 (2) 0	10.15 (2) 0	10.15 (2) 0	10.15 (2) 0	10.15 (2) 0	10.15 (2) 0	10.15 (2) 0	10.15 (2) 0	10.15 (2) 0	10.15 (2) 0

CME - BUTTER FUTURES -- Cents per pound

JUL 03	114.00 (319) 60	114.00 (314) 49	114.50 (317) 3	113.50 (310) 7	113.50 (308) 5	114.00 (307) 3	113.50 (295) 12	113.50 (290) 6	113.50 (278) 14	113.25 (217) 9
SEP 03	117.00 (681) 0	117.00 (681) 0	117.25 (676) 5	116.75 (671) 5	116.75 (671) 0	116.75 (671) 0	116.75 (668) 3	116.75 (668) 0	116.75 (663) 5	117.00 (659) 4
OCT 03	119.00 (380) 59	119.00 (380) 2	119.00 (380) 0	119.00 (380) 0	119.00 (380) 0	119.00 (380) 0	119.00 (380) 0	119.00 (380) 0	119.00 (380) 0	119.00 (382) 8
DEC 03	119.77 (168) 1	121.50 (211) 44	121.50 (211) 0	121.50 (211) 0	121.50 (211) 0	121.50 (211) 0	121.50 (211) 2	120.00 (379) 255	119.50 (379) 0	119.50 (379) 0
MAR 04	129.00 (60) 2	129.00 (60) 4	130.00 (60) 0	130.00 (60) 0	130.00 (64) 4	129.50 (66) 2	129.75 (66) 0	129.75 (66) 0	129.75 (66) 0	129.75 (66) 0

^{1/} At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered June 23 - July 4, 2003

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Milk production patterns across Europe are declining quite rapidly. During most of June, temperatures were hot and moisture was limited, thus negatively impacting the milk herd. In recent days though, some widespread rainfall and moderating temperatures have occurred which will hopefully slow the decline. Some producers and handlers are hopeful that a possible recovery of some of the loss during the month might occur. Last week, the European Agriculture Ministers Council agreed on nearly a 20% reduction of dairy price supports over the next 3 - 4 years as part of their Common Agricultural Policy (CAP) reform package. Under the reform package which begins July 1, 2004, skim milk powder would be reduced 15% over three years with the butter support price cut by 25% over four years. These intervention program adjustments were not a surprise, although opinions on the final percentages were mixed. Some farmers and unions are fearful that they will be forced out of the dairy business without the subsidies that they have been accustomed to. International sales activity out of Europe remains light in comparison to previous years. Handlers and traders report that there is buyer interest, although limited in scope and volume. Butter sales, destined for Russia, are being reported with suppliers feeling that this demand will continue into the fall and winter. Although milk production is on the down side of the seasonal cycle, offerings of surplus skim milk powder continue to clear to intervention. As of June 25, nearly 80,000 mt of powder has cleared to intervention. This volume compares to 129,000 mt last year at this time. Although there is only 29,000 mt left to go before reaching the 109,000 mt intervention maximum level, many producers and handlers still feel that the this level will not be breached this year. The Euro remains strong against the U.S. dollar, but has weakened in recent days to within a range of 1.15.

BUTTER/BUTTEROIL: European butterfat markets are steady to firm with prices unchanged to higher. Milk production is declining seasonally, thus cream supplies are tightening and prices are firming. Churning activity remains as strong as plants desire. Often, cream supplies are lighter than desired and higher asking prices for available cream are causing butter producers to go without and thus running lighter than desired production schedules. Some butter sales activity is being reported to Russia and traders and producers are hopeful that demand will continue into the fall and winter.

82% BUTTERFAT: 1,325 - 1,450
99% BUTTERFAT: 1,600 - 1,700

SKIM MILK POWDER (SMP): Skim milk powder prices are generally unchanged, although the market tone is firm. International sales activity remains light with clearances to intervention continuing. As of June, nearly 80,000 mt of skim milk powder have cleared to intervention versus 129,000 mt last year at this time.

1.25% BUTTERFAT: 1,675 - 1,750

WHOLE MILK POWDER (WMP): Whole milk powder markets are basically steady with prices unchanged to slightly lower. Stocks of powder are available for buyer interest. Some sales have been reported, although limited in scope and volume. As milk production declines seasonally, whole milk powder production is also somewhat lighter as milk is being directed toward cheese output when possible.

26% BUTTERFAT: 1,625 - 1,750

SWEET WHEY POWDER: Whey powder markets are generally steady at unchanged prices. Cheese production is reported to be heavier as milk is being directed toward cheese production versus other dairy products. In light of heavier cheese output, whey stocks are readily available for edible and animal feed needs.

NONHYGROSCOPIC: 325 - 400

OVERVIEW: EASTERN EUROPE: Milk production in Eastern Europe is reported to be declining seasonally. In Poland, milk production reports indicate that production this season is basically in line with last year, but for other countries such as Russia, Ukraine, and Baltics, milk output is lagging last year. Some sales activity has been reported out of this region, but not at the level of previous years. Stocks are available for buyer interest. As in Western Europe, Eastern European casein production is lighter.

OCEANIA

OCEANIA OVERVIEW: The 2002-03 milk production season has now ended and milk producers in Oceania are looking toward the new season which will resume in 6 - 8 weeks. New Zealand milk producers and handlers are looking forward to another year of positive growth. In recent days, moisture has fallen in many milk producing areas of New Zealand which is helping with winter pasture conditions, but also replenishing low water levels. Australia's milk production cycle is also at low levels with milk producers and handlers optimistic about the upcoming season. Just coming off of a season with milk output down 10% from the previous year, producers and handlers are projecting stable production for the new year and are hopeful for gains of possibly 1 - 2%. Rainfall has also been reported in many dairy areas of Australia, but additional volumes are needed to re-establish water tables. New buyer interest out of Oceania is slow as current trading activity continues to center around shipments of previously placed orders. This is the quiet time of the year for Oceania sales activity, although handlers and traders are indicating that sales negotiations for the upcoming milk production season are active. Traders and handlers continue to indicate that stocks should be sufficient to meet contractual commitments as inventory levels decline. Many are comfortable with their supply situation and indicate that they will be able to make it through the balance of the winter months with minimal volumes, if any, left once the new season begins. Although the new milk production season is just 6 - 8 weeks away, many handlers are still not indicating if they may have any inventories of dairy products available for spot buyer interest.

BUTTER: Oceania butter markets and prices are unchanged. This is the quiet time of the year as no new business is being reported and shipments of previously made contracts continue from inventoried stocks. Handlers and traders do indicate that sales negotiations are underway for butter generated during the upcoming production season. At this point, most of these contract negotiations are centered around regular and ongoing customer needs.

82% BUTTERFAT: 1,250 - 1,275

CHEDDAR CHEESE: Cheese markets are steady with prices basically unchanged. Stocks are reported to be adequate for known needs. Traders and handlers indicate that sales negotiations for the upcoming season are occurring at this time. At this point, most of these negotiations are centering around regular and ongoing customer needs.

39% MAXIMUM MOISTURE: 1,700 - 1,950

SKIM MILK POWDER (SMP): Skim milk powder markets in New Zealand and Australia are steady at unchanged prices. As has been the case in recent months, no new buyer interest is being reported from this region. Orders continue to be filled from inventoried stocks. Handlers and traders are stating that they are comfortable with their supply situation as inventories decline. Reports do indicate that sales negotiations are well underway for product generated during the upcoming milk production season.

1.25% BUTTERFAT: 1,650 - 1,750

WHOLE MILK POWDER (WMP): Whole milk powder markets are steady at unchanged prices. Most market activity continues to center around shipments of previously placed orders. Orders are being filled from inventoried stocks. At this time, traders and handlers indicate that they are comfortable with their supply situations as inventories edge lower. Most feel that they will have sufficient volumes to carry them through the balance of the winter months prior to the start of the new milk production season in 6 - 8 weeks.

26% BUTTERFAT: 1,700 - 1,775

Exchange rates for selected foreign currencies: June 30, 2003

.7421 Canadian Dollar	.0216 Indian Rupee
.3575 Argentina Peso	.5873 New Zealand Dollar
.0956 Mexican Peso	.6737 Australian Dollar
.2564 Polish Zloty	.0084 Japanese Yen
	1.1515 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0956)= 10.4802.
That is 1 US Dollar equals 10.4802 Mexican Pesos.
Source: "Wall Street Journal"

MONTHLY SUMMARY AND AVERAGES FOR JUNE 2003 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 23	::REPORT NUMBER 24	::REPORT NUMBER 25	::REPORT NUMBER 26	::REPORT NUMBER 27	:: 2003	:: 2002
	::-----	::-----	::-----	::-----	::-----	:: Average	:: Average
	:: JUN 02 - 06	:: JUN 09 - 13	:: JUN 16 - 20	:: JUN 23 - 27	:: JUNE 30	:: or Total	:: or Total
CHEESE							
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	:: 1.2825 - 1.4600	:: 1.2925 - 1.4600	:: 1.2850 - 1.4600	:: 1.3400 - 1.4600	:: 1.3950 - 1.5600	:: 1.3846	:: 1.4688
-- Brick And/Or Muenster 5#	:: 1.4800 - 1.7925	:: 1.5100 - 1.8025	:: 1.5100 - 1.8050	:: 1.5100 - 1.8500	:: 1.6100 - 1.9025	:: 1.6622	:: 1.6269
-- Cheddar 40# Block	:: 1.4400 - 2.1150	:: 1.4000 - 2.1150	:: 1.4000 - 2.1150	:: 1.4000 - 2.1150	:: 1.5000 - 2.1150	:: 1.7646	:: 1.8094
-- Monterey Jack 10#	:: 1.7000 - 2.1150	:: 1.7000 - 2.1150	:: 1.7000 - 2.1150	:: 1.7000 - 2.1150	:: 1.8000 - 2.1150	:: 1.9099	:: 1.9200
-- Blue 5#	:: 1.8850 - 2.1900	:: 1.8950 - 2.2000	:: 1.8975 - 2.2000	:: 1.9425 - 2.2000	:: 1.9950 - 2.3000	:: 2.0558	:: 2.0781
-- Mozzarella 5 - 6#	:: 1.4300 - 2.2150	:: 1.4400 - 2.2150	:: 1.4400 - 2.2150	:: 1.4925 - 2.2150	:: 1.5400 - 2.2150	:: 1.8349	:: 1.8369
-- Grade A Swiss Cuts 6 - 9#	:: 1.9500 - 2.6850	:: 1.9500 - 2.6850	:: 1.9500 - 2.6850	:: 1.9500 - 2.6850	:: 1.9500 - 2.6850	:: 2.3175	:: 2.3013
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	:: 1.1950 - 1.6900	:: 1.2050 - 1.7000	:: 1.2075 - 1.7025	:: 1.2525 - 1.7475	:: 1.3050 - 1.8000	:: 1.4668	:: 1.4488
-- Cheddar Single Daisies	:: 1.1525 - 1.6175	:: 1.1625 - 1.6275	:: 1.1650 - 1.6300	:: 1.2100 - 1.6750	:: 1.2625 - 1.7275	:: 1.4093	:: 1.4038
-- Cheddar 40# Block	:: 1.2750 - 1.5175	:: 1.2850 - 1.5275	:: 1.2875 - 1.5300	:: 1.3325 - 1.5750	:: 1.3825 - 1.6275	:: 1.4205	:: 1.3988
-- Process 5# Loaf	:: 1.3125 - 1.5150	:: 1.3225 - 1.5250	:: 1.3150 - 1.5175	:: 1.3700 - 1.5725	:: 1.4250 - 1.6275	:: 1.4358	:: 1.4222
-- Process 5# Sliced	:: 1.3325 - 1.5800	:: 1.3425 - 1.5900	:: 1.3350 - 1.5825	:: 1.3900 - 1.6375	:: 1.4450 - 1.6925	:: 1.4783	:: 1.4888
-- Muenster	:: 1.3575 - 1.5625	:: 1.3675 - 1.5725	:: 1.3700 - 1.5750	:: 1.4150 - 1.6200	:: 1.4675 - 1.6725	:: 1.4843	:: 1.4800
-- Grade A Swiss Cuts 10 - 14#	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.4500	:: 2.4500
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	:: 1.2525 - 1.5125	:: 1.2625 - 1.5225	:: 1.2550 - 1.5150	:: 1.3100 - 1.5700	:: 1.3650 - 1.6250	:: 1.4045	:: 1.4044
-- Cheddar 40# Block	:: 1.2625 - 1.4025	:: 1.2725 - 1.4125	:: 1.2725 - 1.4125	:: 1.3175 - 1.4575	:: 1.3700 - 1.5100	:: 1.3555	:: 1.3438
-- Cheddar 10# Cuts	:: 1.4425 - 1.6625	:: 1.4525 - 1.6725	:: 1.4525 - 1.6725	:: 1.4975 - 1.7175	:: 1.5500 - 1.7700	:: 1.5755	:: 1.5638
-- Monterey Jack 10#	:: 1.4525 - 1.6125	:: 1.4625 - 1.6225	:: 1.4625 - 1.6225	:: 1.5075 - 1.6675	:: 1.5600 - 1.7200	:: 1.5555	:: 1.5463
-- Grade A Swiss Cuts 6 - 9#	:: 2.2000 - 2.3700	:: 2.2000 - 2.3700	:: 2.2000 - 2.3700	:: 2.2000 - 2.3700	:: 2.2000 - 2.3700	:: 2.2850	:: 2.3888
FLUID PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
-- Northeast - f.o.b.	:: 1.3876 - 1.4978	:: 1.4058 - 1.5486	:: 1.4408 - 1.5738	:: 1.4560 - 1.6352	:: 1.4973 - 1.6662	:: 1.4974	:: 1.3706
-- Atlanta - divd. equiv.	:: 1.3987 - 1.5088	:: 1.4058 - 1.5596	:: 1.4630 - 1.5960	:: 1.4784 - 1.6576	:: 1.5086 - 1.7112	:: 1.5133	:: 1.3688
-- Upper Midwest - f.o.b.	:: 1.4097 - 1.4647	:: 1.4498 - 1.4827	:: 1.4297 - 1.5516	:: 1.5008 - 1.6128	::	:: 1.4169	:: 1.3914
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.							
-- Class II	:: 0.8500 - 0.9300	:: 0.8500 - 0.9300	:: 0.8500 - 0.9300	:: 0.8500 - 0.9300	:: 0.8500 - 0.9300	:: 0.8900	:: 0.9725
-- Class III	:: 0.7400 - 0.8200	:: 0.7400 - 0.8200	:: 0.7400 - 0.8200	:: 0.7400 - 0.8200	:: 0.7400 - 0.8200	:: 0.7800	:: 0.8550
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	::18.0000 -30.0000	::18.0000 -30.0000	::18.0000 -30.0000	::18.0000 -30.0000	::18.0000 -30.0000	:: 24.0000	:: 25.0625

MONTHLY SUMMARY AND AVERAGES FOR JUNE 2003 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 23	REPORT NUMBER 24	REPORT NUMBER 25	REPORT NUMBER 26	REPORT NUMBER 27	2003	2002
	June 02 - 06	June 09 - 13	June 16 - 20	June 23 - 27	June 30	Average	Average
	or Total	or Total	or Total	or Total	or Total	or Total	or Total
DRY PRODUCTS							
NONFAT DRY MILK							
— Central And East (f.o.b.)							
— Low/Medium Heat	:: 0.8000 - 0.8600	:: 0.8000 - 0.8700	:: 0.8000 - 0.8700	:: 0.8000 - 0.8700	:: 0.8000 - 0.8700	:: 0.8338	:: 0.9213
— Mostly	:: 0.8000 - 0.8400	:: 0.8000 - 0.8400	:: 0.8000 - 0.8400	:: 0.8000 - 0.8400	:: 0.8000 - 0.8400	:: 0.8200	:: 0.8984
— High Heat	:: 0.8600 - 0.9150	:: 0.8600 - 0.9250	:: 0.8600 - 0.9250	:: 0.8600 - 0.9250	:: 0.8600 - 0.9250	:: 0.8913	:: 0.9650
— West (f.o.b.)							
— Low/Medium Heat	:: 0.7900 - 0.8875	:: 0.7900 - 0.8875	:: 0.7900 - 0.8875	:: 0.7950 - 0.8875	:: 0.7950 - 0.8875	:: 0.8395	:: 0.9138
— Mostly	:: 0.7950 - 0.8075	:: 0.7950 - 0.8075	:: 0.7950 - 0.8075	:: 0.7950 - 0.8075	:: 0.7950 - 0.8075	:: 0.8013	:: 0.8963
— High Heat	:: 0.8200 - 0.8400	:: 0.8200 - 0.8500	:: 0.8200 - 0.8500	:: 0.8300 - 0.8500	:: 0.8200 - 0.8500	:: 0.8350	:: 0.9319
WHEY POWDER (Nonhygroscopic)							
— Central (f.o.b.)	:: 0.1300 - 0.1450	:: 0.1300 - 0.1450	:: 0.1375 - 0.1475	:: 0.1425 - 0.1525	:: 0.1450 - 0.1525	:: 0.1416	:: 0.1553
— Mostly	:: 0.1300 - 0.1400	:: 0.1350 - 0.1400	:: 0.1400 - 0.1450	:: 0.1425 - 0.1475	:: 0.1450 - 0.1500	:: 0.1404	:: 0.1575
— West (f.o.b.)	:: 0.1250 - 0.1550	:: 0.1250 - 0.1550	:: 0.1250 - 0.1550	:: 0.1250 - 0.1550	:: 0.1250 - 0.1550	:: 0.1400	:: 0.1591
— Mostly	:: 0.1300 - 0.1400	:: 0.1300 - 0.1450	:: 0.1325 - 0.1450	:: 0.1350 - 0.1450	:: 0.1400 - 0.1450	:: 0.1380	:: 0.1538
— Northeast (f.o.b.)	:: 0.1425 - 0.1700	:: 0.1375 - 0.1675	:: 0.1400 - 0.1675	:: 0.1450 - 0.1675	:: 0.1500 - 0.1675	:: 0.1549	:: N.A.
— Southeast (Delvd)	:: 0.1625 - 0.1800	:: 0.1625 - 0.1800	:: 0.1625 - 0.1800	:: 0.1675 - 0.1800	:: 0.1700 - 0.1825	:: 0.1721	:: 0.1878
WHEY PROTEIN CONCENTRATE							
— Central And West (f.o.b.)							
— Extra Grade 34% Protein	:: 0.3700 - 0.4600	:: 0.3500 - 0.4400	:: 0.3700 - 0.4400	:: 0.3725 - 0.4400	:: 0.3800 - 0.4400	:: 0.4055	:: 0.4622
— Mostly	:: 0.4000 - 0.4300	:: 0.3900 - 0.4200	:: 0.3900 - 0.4050	:: 0.3850 - 0.4050	:: 0.3850 - 0.4050	:: 0.4027	:: 0.4688
ANIMAL FEED - WHEY							
— Central (f.o.b.)							
— Milk Replacer	:: 0.1200 - 0.1300	:: 0.1150 - 0.1300	:: 0.1275 - 0.1300	:: 0.1325 - 0.1400	:: 0.1375 - 0.1425	:: 0.1287	:: 0.1447
BUTTERMILK (Min. 30% protein)							
— Central (f.o.b.)	:: 0.6750 - 0.6850	:: 0.6700 - 0.6900	:: 0.6500 - 0.7100	:: 0.6700 - 0.7200	:: 0.6950 - 0.7400	:: 0.6854	:: 0.8500
— West (f.o.b.)	:: 0.6500 - 0.7300	:: 0.6500 - 0.7300	:: 0.6500 - 0.7200	:: 0.6700 - 0.7200	:: 0.6800 - 0.7200	:: 0.6905	:: 0.8031
— Mostly	:: 0.6700 - 0.6800	:: 0.6700 - 0.6800	:: 0.6700 - 0.6800	:: 0.6800 - 0.6900	:: 0.6900 - 0.7000	:: 0.6783	:: 0.8025
— Northeast (f.o.b.)	:: 0.6800 - 0.7000	:: 0.6800 - 0.7000	:: 0.6800 - 0.7000	:: 0.6800 - 0.7000	:: 0.6800 - 0.7000	:: 0.6900	:: 0.8075
— Southeast (Delvd)	:: 0.7000 - 0.7550	:: 0.7000 - 0.7550	:: 0.7000 - 0.7300	:: 0.7000 - 0.7300	:: 0.7000 - 0.7300	:: 0.7210	:: 0.8325
WHOLE MILK POWDER							
— National (f.o.b.)	:: 1.0325 - 1.1500	:: 1.0325 - 1.1500	:: 1.0325 - 1.1500	:: 1.0325 - 1.1500	:: 1.0325 - 1.1500	:: 1.0913	:: 1.1500
LACTOSE							
— Central And West (f.o.b.)	:: 0.1600 - 0.2350	:: 0.1600 - 0.2350	:: 0.1600 - 0.2350	:: 0.1600 - 0.2350	:: 0.1800 - 0.2375	:: 0.1980	:: 0.2025
— Mostly	:: 0.1700 - 0.1900	:: 0.1700 - 0.1900	:: 0.1700 - 0.1900	:: 0.1700 - 0.1900	:: 0.1850 - 0.1950	:: 0.1805	:: 0.1750
CASEIN - Edible - National (f.o.b.)							
— Nonrestricted - Rennet	:: 1.9500 - 2.1500	:: 1.9500 - 2.1500	:: 1.9500 - 2.1500	:: 1.9500 - 2.1500	:: 1.9500 - 2.1500	:: 2.0500	:: 2.1625
— Nonrestricted - Acid	:: 1.9500 - 2.0500	:: 1.9500 - 2.0500	:: 1.9500 - 2.0500	:: 1.9500 - 2.0500	:: 1.9500 - 2.0500	:: 2.0000	:: 1.9500

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR JUNE 2003

COMMODITY	::REPORT NUMBER 23::		REPORT NUMBER 24::		REPORT NUMBER 25::		REPORT NUMBER 26::		REPORT NUMBER 27::		2003 *	2002 *
	::		::		::		::		::		Monthly	Monthly
	:: JUN 2 - 6		:: JUN 9 - 13		:: JUN 16 - 20		:: JUN 23 - 27		:: JUN 30		Average	Average
BUTTER*												
-- GRADE AA												
--Monday	::	1.1000	::	1.1000	::	1.1100	::	1.1250	::	1.1275	::	:
--Tuesday	::		::		::		::		::		::	:
--Wednesday	::	1.0975	::	1.1100	::	1.1250	::	1.1275	::		::	:
--Thursday	::		::		::		::		::		::	:
--Friday	::	1.0975	::	1.1150	::	1.1250	::	1.1250	::		::	1.1142 : 1.0427
--Weekly Average**	::	1.0983	::	1.1083	::	1.1200	::	1.1258	::		::	:
CHEESE*												
-- BARRELS												
--Monday	::	1.1025	::	1.1050	::	1.1175	::	1.2075	::	1.2975	::	:
--Tuesday	::	1.1025	::	1.1050	::	1.1225	::	1.2075	::		::	:
--Wednesday	::	1.1025	::	1.1050	::	1.1675	::	1.2075	::		::	:
--Thursday	::	1.1300	::	1.1050	::	1.1900	::	1.2075	::		::	:
--Friday	::	1.1300	::	1.1100	::	1.2075	::	1.2500	::		::	1.1562 : 1.1051
--Weekly Average**	::	1.1135	::	1.1060	::	1.1610	::	1.2160	::		::	:
-- 40# BLOCKS												
--Monday	::	1.1325	::	1.1450	::	1.1450	::	1.2350	::	1.3175	::	:
--Tuesday	::	1.1325	::	1.1450	::	1.1500	::	1.2350	::		::	:
--Wednesday	::	1.1325	::	1.1450	::	1.1975	::	1.2375	::		::	:
--Thursday	::	1.1600	::	1.1450	::	1.2200	::	1.2375	::		::	:
--Friday	::	1.1600	::	1.1450	::	1.2350	::	1.2625	::		::	1.1864 : 1.1299
--Weekly Average**	::	1.1435	::	1.1450	::	1.1895	::	1.2415	::		::	:
NONFAT DRY MILK*												
-- EXTRA GRADE												
--Monday	::	0.8400	::	0.8400	::	0.8400	::	0.8400	::	0.8400	::	:
--Tuesday	::	0.8400	::	0.8400	::	0.8400	::	0.8400	::		::	:
--Wednesday	::	0.8400	::	0.8400	::	0.8400	::	0.8400	::		::	:
--Thursday	::	0.8400	::	0.8400	::	0.8400	::	0.8400	::		::	:
--Friday	::	0.8400	::	0.8400	::	0.8400	::	0.8400	::		::	0.8400 : 0.9020
--Weekly Average**	::	0.8400	::	0.8400	::	0.8400	::	0.8400	::		::	:
-- GRADE A												
--Monday	::	0.8400	::	0.8400	::	0.8400	::	0.8400	::	0.8400	::	:
--Tuesday	::	0.8400	::	0.8400	::	0.8400	::	0.8400	::		::	:
--Wednesday	::	0.8400	::	0.8400	::	0.8400	::	0.8400	::		::	:
--Thursday	::	0.8400	::	0.8400	::	0.8400	::	0.8400	::		::	:
--Friday	::	0.8400	::	0.8400	::	0.8400	::	0.8400	::		::	0.8400 : 0.9000
--Weekly Average**	::	0.8400	::	0.8400	::	0.8400	::	0.8400	::		::	:

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

JUNE 2003 DEIP BID ACCEPTANCES

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
NONFAT DRY MILK				
JULY 2002 – MAY 2003		68,201		
JUNE 1 - 30, 2003		<u>0</u>		
JULY 2002 – JUNE 2003		<u>68,201</u>		
CHEESE				
JULY 2002 – MAY 2003		3,029		
JUNE 1 - 30, 2003		<u>0</u>		
JULY 2002 – JUNE 2003		<u>3,029</u>		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V-VARIETAL				
BUTTERFAT				
JULY 2002 – MAY 2003		6,875		
06/09/03-A	CARIBBEAN, CENT & S. AM	1,000	JUL - NOV	\$1,990
06/10/03-A	CARIBBEAN, CENT & S. AM	2,125	JUN - FEB	\$1,965
JUNE 1 - 30, 2003		<u>3,125</u>		
JULY 2002 – JUNE 2003		<u>10,000</u>		
A-ANHYDROUS MILKFAT, B-BUTTER				
				PROGRAM TO DATE
TOTAL MT				81,230
TOTAL BONUS VALUE				\$43,522,996

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain (202) 720-6211.

Conversion: 1 metric ton (MT) = 2,204.6 pounds. **SOURCE: FOREIGN AGRICULTURAL SERVICE**

Allocations for the DEIP year beginning July 1, 2002: Nonfat Dry Milk – 68,201 MT; Cheese – 3,030 MT; Butterfat – 21,097 MT

Allocations were announced in stages. Stage one was for 17,050 MT of Nonfat Dry Milk, 5,274 MT of Butter and 757 MT of Cheese. Stage two was for 25,576 MT of Nonfat Dry Milk, 7,912 MT of Butter and 1,137 MT of Cheese. Stage three was for 25,575 MT of Nonfat Dry Milk and 1,136 MT of cheese. This announcement fills the NDM and cheese allocations for this DEIP year. Shortly after the third stage announcement, USDA issued an invitation for 5,000 MT of the previously announced butterfat allocation of 13,186 MT. On May 19, 2003, another invitation for 5,000 MT of butterfat was announced.

JUNE AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in June 2003 was unchanged at 127. Compared with June 2002, the index was up 4 points (3.3 percent). The index of prices received by farmers for dairy products was unchanged during the month of June 2003 at 85. Compared with June 2002, the index was down 3 points (3.4 percent).

Prices received by farmers in June with changes from May were: for All Milk, \$11.10 per hundredweight (cwt.), unchanged; Fluid Grade Milk, \$11.10 per cwt., unchanged; and for Manufacturing Grade Milk, \$10.10 per cwt., unchanged.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., JUNE 2003 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	MAY		JUNE		JUNE		JUNE		JUNE	
	2003 <u>2/</u>	2002 <u>2/</u>	2003 <u>4/</u>	2002 <u>2/</u>	2003	2002	2003 <u>7/</u>	2002 <u>8/</u>	2003	2002
CA	10.10	10.97	10.20	10.43	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		38.00	37.00	89.00	103.00
ID	10.20	11.20	10.20	10.60			38.40	37.60	89.00	96.00
MI	11.30	12.20	11.30	11.50			42.00	41.50	89.00	54.00
MN	11.10	12.10	11.10	11.30			46.50	41.30	67.00	67.00
NM	10.50	11.60	10.60	11.00			41.80	36.70	149.00	137.00
NY	11.80	12.90	11.80	12.10			---	---	129.00	112.00
PA	12.50	13.60	12.50	13.30			40.90	42.40	157.00	120.00
TX	11.50	12.60	11.60	12.10			37.90	37.40	91.00	91.00
WA	11.00	12.00	11.00	11.60			---	---	116.00	121.00
WI	11.20	12.30	11.20	11.50			42.60	40.90	64.00	63.00
U.S.	11.10	12.10	11.10	11.50			41.30	39.20	94.60	95.80

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., JUNE 2003 WITH COMPARISON

ITEM	JUNE 2002	MAY 2003 <u>1/</u>	JUNE 2003 <u>2/</u>
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	10.50	11.10	11.10
Fluid grade milk	11.50	11.10	11.10
Manufacturing grade milk	10.30	10.10	10.10
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	98	106	106
Prices received by farmers for dairy products	88	85	85
Prices paid by farmers for commodities and services, interest taxes, and wage rates	123	127	127
Prices paid by farmers for production items	118	123	123
Prices paid by farmers for feed	110	116	117
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>3/</u>	2.54	2.19	2.24

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and all wheat.

SOURCE: "Agricultural Prices," Pr 1 (6/03), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE PERIOD OF JUNE 30 - JULY 2, 2003			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/02	SAME PERIOD LAST YEAR	WEEK ENDING 06/27/03	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	11,233,378	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	1,723,680	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	12,957,058	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	3,840,106	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	5,545,706	-0-	-0-	-0-
Process	79,200	-0-	79,200	31,838,400	-0-	-0-	-0-
TOTAL	79,200	-0-	79,200	41,224,212	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	14,134,505	-0-	14,134,505	530,860,566	544,758,955	1,283,354,000	1,123,025,000
Fortified	237,866	-0-	237,866	495,366	-0-	46,391,000	46,391,000
TOTAL	14,372,371	-0-	14,372,371	531,355,932	544,758,955	1,329,745,000	1,169,416,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
PERIOD OF JUNE 30 - JULY 2, 2003 =	3.9	168.1	COMPARABLE PERIOD IN 2002 =	2.8	150.6
CUMULATIVE SINCE OCTOBER 1, 2002 =	779.9	6,594.7	CUMULATIVE SAME PERIOD LAST YEAR =	119.8	6,341.0
CUMULATIVE JANUARY 1 - JULY 2, 2003 =	705.8	5,329.1	COMPARABLE CALENDAR YEAR 2002 =	102.9	5,445.1

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE PERIOD OF JUNE 30 - JULY 2, 2003 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	79,200	108,773	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	13,196,803	237,866
EAST	-0-	-0-	-0-	-0-	-0-	-0-	828,929	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/02 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02
CENTRAL	-0-	-0-	32,049,972	-0-	20,754,390	31,125,734	38.5	5.7
WEST	12,957,058	-0-	9,174,240	-0-	472,079,442	472,547,877	60.4	86.8
EAST	-0-	-0-	-0-	-0-	38,522,100	41,085,344	1.1	7.5
TOTAL	12,957,058	-0-	41,224,212	-0-	531,355,932	544,758,955	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 06/14/03 & Comparable Week 2002

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2003-Dairy	0.1	0.8	6.1	4.3	20.4	2.4	0.3	0.9	13.6	2.0	50.8	45.2
2002-Dairy	0.2	0.6	6.7	4.6	18.4	1.5	0.3	0.7	10.6	2.6	46.2	44.3
2003-All cows	0.2	1.0	8.2	13.7	32.3	18.0	13.3	3.2	16.8	5.8	112.4	46.3
2002-All cows	0.2	0.8	7.9	12.9	28.4	15.7	14.8	3.7	13.9	6.1	104.4	

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74

FEDERAL MILK ORDER CLASS PRICES FOR 2003 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	10.56	10.23	9.81	9.64	9.71	9.74	9.77					
II	11.29	10.66	10.54	10.44	10.43							
III	9.78	9.66	9.11	9.41	9.71							
IV	10.07	9.81	9.79	9.73	9.74							

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfm03/mib/cls_prod_cmp_pr.htm